

VZCZCXYZ0014  
RR RUEHWEB

DE RUEHLGB #1145/01 3610918  
ZNR UUUUU ZZH  
R 270918Z DEC 07  
FM AMEMBASSY KIGALI  
TO RUEHC/SECSTATE WASHDC 4991  
INFO RUEHNR/AMEMBASSY NAIROBI 1102  
RUEHDR/AMEMBASSY DAR ES SALAAM 1031  
RUEHJB/AMEMBASSY BUJUMBURA 0213  
RUEHKM/AMEMBASSY KAMPALA 1790  
RUEHFR/AMEMBASSY PARIS 0391  
RUEHKI/AMEMBASSY KINSHASA 0347  
RUEHDS/AMEMBASSY ADDIS ABABA 0147

UNCLAS KIGALI 001145

SIPDIS

SIPDIS

DEPARTMENT FOR AF/C  
DEPARTMENT PASS USTDA: EEBONG  
DEPARTMENT PASS USTR: WJACKSON  
DEPARTMENT PASS COMMERCE: RTELCHIN  
DEPARTMENT PASS OPIC: BCAMERON  
ADDIS FOR LISA BRODEY

E.O. 12958: N/A  
TAGS: [EFIN](#) [ECON](#) [PGOV](#) [EINV](#) [ENRG](#) [ETRD](#) [EPET](#) [BTIO](#) [RW](#)  
SUBJECT: RWANDA MONTHLY ECONOMIC REVIEW

REF: KIGALI 1016

DONOR SUPPORT

-----  
11. Loans: The International Finance Corporation (IFC) and Germany's KfW Banking Group have signed a deal with the Aga Khan Fund for Economic Development (AKFED) to invest USD12 million to rehabilitate, expand and finance a 30-year lease of the Kigali Serena and the Lake Kivu Serena hotels. "IFC's investment reflects our commitment to supporting Rwanda's nascent tourism industry," the IFC representative said.

12. Aid: USD 5.2 million program extension. The government of Japan will extend a grant program that assists with Rwanda's import-export imbalance and further develops its rural roads. Under the program, the Government of Rwanda (GOR) make purchases from a pre-approved list of 106 items, including petroleum and leather materials, which the government then resells. The proceeds of the sale are used to improve Rwanda's rural roads network.

#### MACRO ECONOMIC INDICATORS

-----  
13. 2008 Budget: Lawmakers passed the 2008 government spending plan with an increase of approximately USD 2.9 million from Finance Ministry submissions. The 2008 budget now totals USD 1.2 billion, with spending up by 18 percent from the previous year (the Finance Ministry had asked for a 15 percent increase). The three percent increase will go to rural development projects and public finance oversight programs. Donors will fund up to 54 percent of the total budget.

#### COMMERCIAL NEWS

-----  
14. Rwanda and China: Chinese firm ?Star Communication Network Technologies? announced a USD 20 million investment in pay-TV and internet provision. A multi-million phone sets assembly plant also plans to invest in the country.

Note: In 2006, the two countries total trade was USD 34.5

million. The Chinese General Administration of Customs recently reported that imports from Rwanda increased by 89 percent to USD 22 million in 2006 (mainly minerals). China exported USD12.5 million to Rwanda in 2006, a 3.3 percent change from 2005. With trade increasing, the Kigali Institute of Education is beginning a Chinese language program for Rwandan students and businessmen.

15. Methane gas: Gee-ten Ventures Inc, a Canadian mining company based in Quebec, is now in the country to continue negotiations with the Rwandan government for possible investment in the methane gas business. A previous Memorandum of Understanding on methane extraction from Lake Kivu has expired.

16. Mobilizing local investors: To foster development in the southern province, provincial officials and the Rwandan Chamber of Commerce recently garnered pledges of over USD 3.6 million towards the launch of the Southern Province Investment Corporation (SPIC). The corporation will spearhead investments in cassava plantations, tea processing and manufacture of pharmaceuticals. Provincial districts are expected to raise jointly approximately USD 275,000 as part of their contributions to the corporation.

17. Dubai World Investment: The Government of Rwanda is engaged in obtaining 100 hectares of land from property owners near Kigali Golf Club for a Dubai World facility for upscale tourists, consisting of luxury townhouses, a five-star hotel and golf course. Chairman of Dubai World Sultan Ahmed bin Sulayem announced that architectural design has begun (see reftel).

18. Electronic banking: SIMTEL, Rwanda's national electronic transaction provider that links all commercial banks' automated teller machines (ATMs) and most businesses' debit card systems, has entered into a joint venture partnership with the African Development Corporation (ADC) consortium, led by XCOM, an IT firm from Germany specializing in electronic banking. The USD 3.5 million deal gives the consortium a majority stake in SIMTEL and control of the company. The investors hope to make Simtel a third party processor (TPP) certified for international transactions. The investors will also bring other electronic-based banking products and solutions, further enhancing ICT development in Rwanda in the area of payment technology. (Note: SIMTEL is a privately owned company with the National Bank of Rwanda (BNR) and the six licensed commercial banks in the country as shareholders).

19. Cement: The Rwanda Investment Group is planning to build a second cement factory to help address a shortage brought on by the recent construction boom. The consortium of mainly local investors announced plans to construct the factory next year, at a cost USD 25 to 35 million, producing more than 20,000 tons of cement annually. Cement demand is currently exceeding supply despite imports from the Ukraine and China.

110. Coffee: The volume of coffee produced in Rwanda may reach 37,000 tons by the year 2010. Export statistics from OCIR-Cafe, Rwanda's coffee regulatory authority, indicate that out of 15,461 tons exported through November 2007, 12,261 tons were semi-washed. OCIR-cafe is promoting the production of specialty or fully-washed coffee. With the assistance of USAID, construction of coffee washing stations began in 2004. Last year, the country had 76 washing stations; this year an additional 48 stations were built for a total of 124. Three laboratories to ensure coffee quality have also been built and are in operation. (Note: one kilogram of semi-washed coffee sells for about USD 2.00 in New York wholesale markets; fully washed coffee sells for an average USD 7.00 per kilogram wholesale).

SIM